

there. But there's no question in my mind, as I said in my speech in the Rose Garden recently, that there's going to be some setbacks. But our Nation is committed to a peaceful resolution of the conflict.

All right, well, thank you all.

NOTE: The interview began at 10:55 a.m. in the Roosevelt Room at the White House. The transcript was released by the Office of the Press Secretary on July 15. In his remarks, the President referred to President

Aleksander Kwasniewski of Poland, and his wife, Jolanta Kwasniewska; and President Vladimir Putin of Russia. The President also referred to MAP, the Military Assistance Program; AGOA, the African Growth and Opportunity Act; and the Quartet, a Middle East policy planning group consisting of representatives from the United States, the United Nations, Russia, and the European Union. A tape was not available for verification of the content of this interview.

Remarks at the University of Alabama-Birmingham in Birmingham, Alabama

July 15, 2002

Thank you all very much. Thank you for coming.

So I come up here with Thornton, and he says, "I think driving a bulldozer is a little easier than introducing you." [*Laughter*] I said, "Well, you must be a pretty good bulldozer driver then, Thornton, because you did a great job of introducing me." Thank you very much. I appreciate your being here. Thornton is the president of Stanley Construction Company. He's one of several business leaders from Alabama I met with today to talk about what we can do together to help this economy recover.

I want to first tell you how proud I am to be back in Alabama. It's a great State. It's produced some wonderful Americans, starting with my National Security Adviser, born and raised, Condoleezza Rice, right here in Birmingham. And I'd be in trouble with the Secretary of State—at least his wife—if I didn't remind you all that Alma Powell was raised—born and raised right here in Birmingham, Alabama, too.

It's an honor to travel today with members of the congressional delegation, two fine United States Senators, Senator Shelby and Senator Sessions. Thank you all for

coming. We've attracted quite a few members of the House delegation here. I'm not suggesting that they're here to be close to the President just in case they can get aboard Air Force One when we're heading back. [*Laughter*] But if you guys do get on, you'll find it to be a comfortable plane. [*Laughter*] But I'm proud that Sonny Callahan and Terry Everett and Bob Riley and Bob Aderholt and Spencer Bachus are with us, too. Thank you all for coming. These are fine Members, and they're good people to work with, and they put their country first. And I appreciate that a lot.

I know the Lieutenant Governor is here, and the attorney general is here, and the mayor is here, mayor of Birmingham. I want to thank you three for coming as well. I appreciate your hospitality.

I personally want to thank the good folks here at UAB, University of Alabama-Birmingham, for allowing us to use, first of all, this fantastic facility. I had the honor of speaking with the president earlier today. I am proud of the accomplishments of this fine university. It is a university that is on the leading edge of important medical research. It's a university that has fostered and kindled the growth of small businesses

here in Birmingham. President Marc was rightly proud of the place, and I know you are as well. And I want to thank you for your hospitality from the bottom of my heart.

And finally, one of the things I like to do when I come to a community is meet and herald those soldiers in the armies of compassion which exist all across our country. And today when I got off of Air Force One, there was a man named Roman Gary there. Roman, are you here? Where are you, Roman? There he is. Roman Gary—the reason I bring up Roman is he is a—he's a man who understands that our children need love; in order for our society to be a vibrant and whole place, there are some who need to be having an adult in their life, somebody who—there's a child somewhere in Birmingham and all across the country and needs somebody to put their arm around them and to say, "I love you. You're a part of America."

And so Roman understands that. It didn't require a Government law. It didn't require a giant act of Congress or a Presidential edict. It required somebody like Roman loving a neighbor like he would like to be loved himself. And therefore, he has poured his heart and soul into Big Brothers and Big Sisters here in Birmingham, Alabama. And I thank you.

Our society can and will change, one heart, one soul, one conscience at a time. And while each of us can't do everything, each of us can do something to advance a decent and whole society. And so Roman, on behalf of the thousands of your fellow Americans who heard the call to help the communities in which you live, people who have assumed responsibility for their lives here in America, I want to thank you, and thank all of you all for doing the same thing.

A secure America is an America that is a compassionate America. A secure America is also an America that is willing to hunt down international killers one by one and bring them to justice. And that's what

we're going to do. It doesn't matter how long it takes; this country will defend our freedoms. This country will defend civilization itself. This country will not let the acts of a few coldblooded killers stand.

As well, in order for us to have the security we all want, America must get rid of the hangover that we now have as a result of the binge, the economic binge we just went through. We were in a land of—there was endless profit; there was no tomorrow when it came to, you know, the stock markets and corporate profits. And now we're suffering a hangover for that binge.

But I want you to know the economy, our economy is fundamentally strong. This economy is—has got foundations for growth so the people who want to find work can find work, so that the entrepreneurs in America can flourish.

Listen to the facts. Inflation is low. An important part of an economic recovery is to make sure that inflation is under control; it is. We've got sound monetary policy. Interest rates are reasonable. If people want to borrow money, you don't have to pay a lot of interest. Productivity is increasing. We lead the world in productivity gains as a result of the entrepreneurial spirit and the fine workers we have in America. That's an important indication of how sound our economy is.

The first quarter growth of 2002 was a little over 6 percent. That's a pretty good sign that the foundations for growth are there. Orders for durable goods for the past 6 months are up. The manufacturing sector was down, but slowly but surely it is recovering from a slowdown that began for all of our economy in early of March 2000. Last month, retail sales were up by one percent. Consumers are buying. In other words, in spite of the fact that we've been in a slump for a while and in spite of the fact that the terrorists attacked us and affected our economic outlook, American business and workers are resilient and resolved. And this economy is coming back. That's the fact.

But I understand this, that the American economy is constructed on confidence, confidence to invest and build, confidence for our small-business owners to take risk, confidence that the job base will expand, confidence to produce and hire. And so I want to talk to you today about ways in which I intend to continue to work in Washington to build confidence, to build on the foundations, the strong foundations for economic vitality that exists, to build on the good statistics we're beginning to see. Of course, I like to remind people that Washington is full of all kinds of numbers-crunchers. They talk about this number here and that number there. My attitude is, so long as somebody who wants to work can't find work, we've got a problem we need to deal with.

And so I want to talk about long-term economic growth and what we can do about it. I want to make sure it is clear to those in Congress that I will resist runaway congressional spending which could serve as a drag on economic vitality.

And finally, I expect and you expect and our country expects the highest ethical standards in corporate America. First, we're promoting long-term growth, the kind of growth that understands that the main job creators in America are small-business entrepreneurs. And if you're interested in recovery—if you're interested in recovery of the job base, it is important for us to remember who creates most of the jobs, and those are the small-business owners in America. And that's why I fought so hard for a tax cut for the American people. I believe, when you cut taxes, it spurs economic growth, particularly in the small-business sector. Most entrepreneurs are not incorporated. Most small businesses are what they call sole proprietors or limited partnerships. And so they pay tax like an individual pays tax. And so when we reduce the taxes on the individuals, we reduce the taxes on small-business growth. It was important to do that.

I remember the outcry, of course, because if you want more money in Washington, you don't want to let the people keep their own money. So they started quoting these textbooks that said, when times are slow, raise taxes; when times are slow, don't let the people keep their money. The textbook I read says that if we let you have your own money, you'll decide to spend it on a good and service. And if you decide to spend it on the good and service, somebody will produce the good and service. And when somebody produces the good and service, it means somebody is going to find work.

In the tax relief plan, we reduced the marriage penalty. We reduced the alternative minimum tax which affects many small-business owners. And we did something else that's important—it's important for all small-business owners—and that is, we eliminated the death tax.

I say "we eliminated the death tax"; by a quirk of the Senate rules, the death tax, however, isn't eliminated after 10 years. That's a hard one to explain. We eliminated it, but didn't eliminate it. So for the good of long-term planning, for the good of the entrepreneurial spirit, for the good of allowing people to pass their business, farm, or ranch to whoever they want to pass it to, we need to make the tax cuts that we put in place permanent.

I want to expand trade. I believe that will help create jobs. Confident people are willing to expand trade. Nonconfident people, you know, people who aren't confident about America and our ability to compete, want to build barriers around the country. And I'm confident. Listen, I know our farmers—Alabama farmers, Texas farmers, farmers all across the country—are the best in the world. And if you're the best at something, we ought to be opening up markets for them so they can sell their products around the world.

We're good at a lot of things in America, and we ought to be selling our products all around the world. It's time for Congress

to quit talking and start acting and giving me trade promotion authority so we can open up more markets and more people can find work right here in America.

There's an issue that the Congress needs to get to my desk quickly that will show good judgment and a way to help our economy recover, and that is to pass a terrorism insurance bill. It basically says that the Government will help cover certain losses for insurance companies for a terrorist act. It is important that we pass this so that major construction projects which cannot get insurance can go forward. And when those construction projects go forward all across the country, it means somebody is going to be able to find work.

It's important for us to be realistic about how to provide help so that there is insurance coverage for projects. We can do so that creates jobs—not jobs for trial lawyers. We must not have legislation—this legislation must keep in mind the workers of America and not open up our Government and/or employers to unnecessary and frivolous and junk lawsuits.

And I appreciate—I appreciate the reform-minded folks here in the State of Alabama who understand that junk and frivolous lawsuits affect small-business owners like Thornton. It makes it hard for him to expand his business, to hire people. Listen, you ought to have your day in court, no question about it. But we've got to make sure that these junk and frivolous lawsuits stop running up the cost of doing business and make it harder for people to employ people here in America.

And finally, good economic policy starts with good education policy. And I want to share with you right quickly what has happened in Washington in terms of public education and why I think it's going to make a tremendous difference in the lives of citizens all across Alabama and all across the country.

An educated workforce is necessary if we intend to compete. A lady representing Honda told us today that—I think she said

there's going to be additional 2,000 jobs here in Alabama. This is in the face of what appears to be pretty rough economic times for some. But 2,000 new jobs is fantastic. It also means that you make sure you've got to have 2,000 educated workers. And it starts with public schools. It starts with making sure every child in America learns the basics, learns to read and write and add and subtract, which means you start with setting the highest of high standards.

I can't tell you how important that is, to set high standards and to have high standards, because if you don't, if you have low standards, it means certain kids aren't going to learn. If you lower the bar, guess what's going to happen? You'll have low results. People who adhere to low standards in public education essentially admit there are certain kids who can't learn. I don't accept it.

As a matter of fact, I know what happens in systems that say there are certain children who can't learn. It basically means, if we want to be honest about it, inner-city African American kids are just shuffled through the school system as if they don't matter. Children whose parents don't speak English as a first language, they're deemed to be hard to educate, so it's just easy to move them through. For the good of our country, for the good of the job base, for the good of the American Dream, we must end that kind of education policy in America.

And that means high standards for every child. That means a mindset that says, every child can learn, and we expect every child to learn. It means that when you receive Federal money—and by the way, we have filled the coffers last time around with Federal money for Title I programs. There's a lot of money available for the States now as a result of the funding last time.

It says, though, in return, we expect you to show us whether or not the children are learning to read and write and add and

subtract. We expect there to be strong accountability. In return for taxpayers' money, we the taxpayers want to know whether or not high standards are being met. We expect the children to be able to read and write and add and subtract; we want the children to be able to read and write and add and subtract; and we expect you to deliver on the promise that children should be able to read and write and add and subtract.

I've heard the argument. Listen, I was the Governor of a great State that fought hard for accountability. I heard every argument in the book against accountability, you know, "It's racist to test." It's racist not to test—it's racist not to test. If you expect all children to learn, we want to know, and the testing ought to be viewed as a way to determine what works and what doesn't work. It ought to be viewed as a way to say, "If there is a problem, let's address it now, early, before it's too late." We want to know. You can't solve a problem unless you're able to diagnose the problem.

And the accountability is the diagnostic tool available for not the bureaucrats in Washington, DC—the local folks, because we believe in local control of schools. I firmly believe that the education plan that we passed is going to make a significant difference in making sure we achieve the national goal of not one child—no child—should be left behind in America.

In order to make sure we have economic growth and vitality, in order to make sure we build on the foundation that is laid for economic growth, I will enforce fiscal discipline in Washington, DC. I think it is so important that we make sure that we fund our priorities, fighting the war and the homeland defense, educating our children, and that Congress hold the line on additional spending. Because if there is perceived deficits, the markets react, and if there's perceived deficit, sure enough what's going to happen is people are going to start calling for tax increases. And you

don't want to run a person's taxes up in the middle of an economic recovery.

Secondly, my philosophy is, is that I'd rather you spend your money. We want to fund our priorities, but when it all comes down to it, after the priorities are funded, you're better at spending your money than I am. It's your choice to spend your money on your families.

Congress must control its appetites for additional spending. There is—I submitted what they call a supplemental. It's an urgent request for funding the war and homeland security. I submitted that over 4 months ago, and yet, I haven't ever seen anything from Congress yet. The Senate needs to act and the House needs to act to get this to my bill—to my desk, so we can fund programs.

And part of the problem is, is that the Senate wants to add billions more than we requested to the supplemental. They view it as a funding opportunity, as opposed to a—as a focused approach on funding the war against terror and making sure our homeland—the agencies are funded. Now, they're going to say, "Well, you know, we're going to maybe play this down to the very last minute." No. Now is not the time for games when it comes to the appropriations process. We expect—[*applause*].

There is no budget in the Senate. The House passed a budget; there's no budget in the Senate, which means, I guess, that I'm going to have to remind the spenders in Washington that I have submitted a budget. And I hope they watch it very carefully as they determine the size of the appropriation bills. The defense of the country is a priority. Homeland defense is a priority. Other parts of the budget have grown, but we expect them to be realistic about how they spend. After all, the budget plan I proposed says if Congress is realistic and reasonable and funds priorities, that we can balance the budget in the year 2005.

Now, that requires discipline, and I intend to help Congress understand discipline

is needed in Washington, DC. One of the best ways to make sure that our economy grows is for there to be a joint effort in being fiscally responsible with your money. And that's exactly what's going to happen in Washington, DC.

Another way to make sure that we foster growth and restore confidence is to hold people accountable for misdeeds in the public sector. It is important for corporate America to hear this call: You are—in order to be a responsible American, you must behave responsibly. We expect there to be full disclosure of assets and liabilities. We expect there to be fair accounting practices. We expect you to treat your investors and employees with the respect they deserve. And if not, we intend to do something about it at the Federal level. We intend to hold people accountable.

That's why I set up what they call a Corporate Fraud Task Force in the Justice Department. We also have proposed doubling the jail time for corporate fraud. A proposed provision is to make sure that corporate executives cannot transfer company funds to their personal accounts while their company is under investigation. I am for increasing the budget of the regulatory authorities, to make sure that there is enough manpower and technology available to run down the facts and to hold people accountable. We're making sure that executives who commit improper acts will forfeit phony profits. And we're saying that if you have defrauded investors, you can never serve as a CEO or on the board of directors of a company again. I support the creation of a strong, independent board that will provide effective oversight of the accounting profession. In other words, I'm willing to work with Congress to make sure that we've got the necessary law in place that will hold people accountable without stifling the entrepreneurial spirit of America, without stifling innovation in America.

The House has passed a bill; the Senate is going to pass a bill tonight, I understand. The two need to get together as quickly

as possible and get me a bill that I can sign before the August recess. But the truth of the matter is, we can't pass a law that says you'll love your neighbor like yourself, and we can't pass a law that says you will be honest. We can pass laws that say, if you're not honest, we'll get you. Corporate America must make the decision, each as an individual, that you're going to uphold high standards, that you have a responsibility to our society, that you've got the responsibility to your shareholder and your employee to treat both with the respect they deserve.

Now, the good news for our country is that by far the vast majority—by far—of people who have taken on the responsibility to run a corporation are good, honorable people. A few have damaged the reputation of the many, and that's why we've got the Corporate Fraud Task Force. But I call upon all of us in America to understand the awesome responsibilities we have in this country—the responsibilities if you run a company, to be forthright and open, and the responsibilities if you live in America, to help work in the community in which you live to make it a better place.

You know, I like to remind our fellow citizens that out of the evil done to America is going to come some incredible good. I believe that. Oh, some are saying, "Maybe he's too optimistic." That's what I believe about America. I believe our soul is strong; our constitution is firm. I believe this country's great strength is the fact that we're such a decent and honorable group of people that out of the evil done to America will come peace.

If we're strong and steady and resolved, we can achieve peace. Out of the evil done to America will come an economic vitality that will be vibrant, because we're an entrepreneurial people, risk-takers and dreamers and doers. And out of the evil done to America will come a better America, because in our prosperity and wealth, we've got to remember there are pockets of despair and hopelessness and addiction. There

are some in our society who wonder whether or not America is really—the American Dream is meant for them. There are some young Americans who have no hope. And I refuse to concede that, however. I believe that out of the evil done to America can come some incredible good, particularly as our fellow Americans respond to the call to love a neighbor like you'd like to be loved yourself.

I'm a strong proponent of the Faith-Based Initiative because I understand that Government can hand out money, but it cannot put hope in people's hearts or a sense of purpose in people's lives.

No, I believe the enemy hit us, but they didn't know who they were hitting. They must have thought we'd file a lawsuit or two. *[Laughter]* But they didn't realize that when it comes to the defense of our freedoms, we're strong. And when it comes to the love of our fellow human beings, we're compassionate.

I want to tell you, I'm honored that you came out today. My vision for the country

is one that's positive and hopeful. I believe there is a better day right around the corner for all Americans. And I believe that because I know that I'm the President of the greatest country on the face of the Earth.

Thanks for coming today. May God bless you, and God bless America. Thank you all.

NOTE: The President spoke at 10:20 a.m. at the Alys Stephens Center. In his remarks, he referred to Thornton Stanley, Sr., president, Stanley Construction Co.; Alma Powell, wife of Secretary of State Colin L. Powell; Lt. Gov. Steve Windom of Alabama; Bill Pryor, Alabama State attorney general; Mayor Bernard Kincaid of Birmingham; and Malcolm "Mack" Portera, interim president, University of Alabama-Birmingham. The President also referred to Title I of the Improving America's Schools Act of 1994 (Public Law No. 103-382), which amended Title I of the Elementary and Secondary Education Act of 1965 (Public Law No. 89-10).

Remarks at a Luncheon for Gubernatorial Candidate Bob Riley in Birmingham

July 15, 2002

Thank you all very much. Please be seated. It's a long speech. *[Laughter]* Thanks so much for coming.

I don't know whether you know this or not, but in 1972, I helped organize Red Blount's campaign for the United States Senate right here in the State of Alabama. Because of me and Jimmy Allison, he managed to get 32 percent of the vote. *[Laughter]* But I learned then and there how great the people are of the State of Alabama. I've got fond affection of those times. I count many of you as my friends, and I want to thank you for coming today to help the next Governor of the State of Alabama, Bob Riley.

There is no doubt in my mind he is going to win, and I want to thank you all for helping. He's going to win because he's got a fantastic grassroots organization. Many of the grassroots activists are here today. I want to thank you for what you're fixing to do, which is to start dialing phones and putting up signs and knocking on doors and going to coffee shops and going to your churches and synagogues to remind people that with Bob Riley you've got a good, honest politician who's going to bring integrity to Montgomery, Alabama, and he's going to reform the State on behalf of all the people of this great State.